Rayonier

Value From The Ground Up™

Second Quarter 2014
Financial Presentation Material

Safe Harbor

Certain statements in this document regarding anticipated financial outcomes including earnings guidance, if any, business and market conditions, outlook and other similar statements relating to Rayonier's future events, developments or financial or operational performance or results, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are identified by the use of words such as "may," "will," "should," "expect," "estimate," "believe," "intend," "project," "anticipate" and other similar language. However, the absence of these or similar words or expressions does not mean that a statement is not forward-looking. While management believes that these forward-looking statements are reasonable when made, forward-looking statements are not guarantees of future performance or events and undue reliance should not be placed on these statements.

Forward-looking statements are only as of the date they are made, and the Company undertakes no duty to update its forward- looking statements except as required by law. You are advised, however, to review any further disclosures we make on related subjects in our subsequent Forms 10-Q, 10-K, 8-K and other reports to the SEC.

The following important factors, among others, could cause actual results or events to differ materially from those expressed in forward-looking statements that may have been made in this document: the cyclical and competitive nature of the industries in which we operate; fluctuations in demand for, or supply of, our forest products and real estate offerings; entry of new competitors into our markets; changes in global economic conditions and world events, including political changes in particular regions or countries; fluctuations in demand for our products in Asia, and especially China; the uncertainties of potential impacts of climate-related initiatives; the cost and availability of third party logging and trucking services; the geographic concentration of a significant portion of our timberland; our ability to identify, finance and complete timberland acquisitions; changes in environmental laws and regulations, timber harvesting, delineation of wetlands, and endangered species, that may restrict or adversely impact our ability to conduct our business, or increase the cost of doing so; adverse weather conditions, natural disasters and other catastrophic events such as hurricanes, wind storms and wildfires, which can adversely affect our timberlands and the production, distribution and availability of our products; interest rate and currency movements; our capacity to incur additional debt, and any decision we may make to do so; changes in tariffs, taxes or treaties relating to the import and export of our products or those of our competitors; changes in key management and personnel; our ability to meet all necessary legal requirements to continue to qualify as a real estate investment trust (“REIT”), and changes in tax laws that could adversely affect tax treatment of our specific businesses or reduce the benefits associated with REIT status.

In addition, specifically with respect to our Real Estate business, the following important factors, among others, could cause actual results to differ materially from those expressed in forward-looking statements that may have been made in this document: the cyclical nature of the real estate business generally, including fluctuations in demand for both entitled and unentitled property; a delayed or weak recovery in the housing market; the lengthy, uncertain and costly process associated with the ownership, entitlement and development of real estate, especially in Florida, which also may be affected by changes in law, policy and political factors beyond our control; the potential for legal challenges to entitlements and permits in connection with our properties; unexpected delays in the entry into or closing of real estate transactions; the existence of competing developers and communities in the markets in which we own property; the pace of development and the rate and timing of absorption of existing entitled property in the markets in which we own property; changes in the demographics affecting projected population growth and migration to the Southeastern U.S.; changes in environmental laws and regulations, including laws regarding water withdrawal and management and delineation of wetlands, that may restrict or adversely impact our ability to sell or develop properties; the cost of the development of property generally, including the cost of property taxes, labor and construction materials; the timing of construction and availability of public infrastructure; and the availability of financing for real estate development and mortgage loans.

Additional factors are described in the company's most recent Form 10-K and 10-Q and other reports on file with the Securities and Exchange Commission. Rayonier assumes no obligation to update these statements except as is required by law.

Financial Highlights

($ Millions – Except EPS)

	2Q 2014	1Q 2014	2Q 2013
Profitability			
Sales	163	143	155
Operating income	40	16	32
Pro forma operating income*	40	16	16
Net income attributable to Rayonier Inc.	18	43	87
Pro forma net income*	10	12	23
Diluted Earnings Per Share:			
Income from continuing operations	0.05	0.10	0.30
Net income	0.14	0.34	0.67
Pro forma net income*	0.08	0.10	0.17
Average diluted shares (millions)**	132.3	128.4	130.8

	Six Months Ended June 30,	
Capital Resources and Liquidity	2014	2013
Cash Provided by Operating Activities	226	236
Cash Used for Investing Activities	(93)	(244)
Cash (Used for) Provided by Financing Activities	(111)	71
EBITDA*	216	374
Pro forma EBITDA*	110	88
Cash Available for Distribution (CAD) *	90	92
	6/30/2014	12/31/2013
Debt	770	1,574
Debt / Capital (book value)	31%	47%
Debt / Market Capitalization	17%	30%
Cash	222	200

*Non-GAAP measures (see pages 6 and 16 - 19 for definitions and reconciliations).

**The shares used for the assumed conversion of the exchangeable note increased in the second quarter of 2014 due to a lower adjusted exchange price from the spin-off compared to the average stock price for the period. Rayonier will not issue additional shares upon future exchange or maturity of the exchangeable notes due to the offsetting hedges. However, because the shares are anti-dilutive, the effect is excluded from the fully diluted EPS calculation.

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Variance Analysis – 1Q 14 to 2Q 14
($ Millions)

	Pro Forma Operating Income*
1Q 2014	**$ 16**
Variance	
Forest Resources	
U.S. Operations	
- Volume	(5)
- Price	(1)
- Costs / Mix / Other	1
New Zealand	
- Price	-
- Volume / Cost / Other	-
Real Estate	27
Corporate / Other	2
2Q 2014	**$ 40**

* Non-GAAP measure (see page 19 for reconciliation).

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Variance Analysis – 2Q13 to 2Q14
($ Millions)

	Pro Forma Operating Income*	
	Quarter	Year-to-date
2Q 2013	**$ 16**	**$ 38**
Variance		
Forest Resources		
U.S. Operations		
- Price	4	11
- Volume	(4)	2
- Costs / Mix / Other	1	2
New Zealand		
- Price	-	2
- Volume / Cost / Other	(1)	(1)
Real Estate	22	6
Corporate / Other	2	(4)
2Q 2014	**$ 40**	**$ 56**

* Non-GAAP measure (see page 19 for reconciliation).

Cash Available for Distribution*

($ Millions – Except Per Share Data)

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Cash Available for Distribution (CAD)		
Cash provided by operating activities	$ 226	$ 236
Capital expenditures **	(80)	(75)
Change in committed cash	5	1
Excess tax (deficiency) benefit on stock-based compensation	-	7
Other	3	1
Discontinued operations	(64)	(78)
Cash Available for Distribution	$ 90	$ 92
Shares outstanding	126,529,693	126,119,760
CAD per share	$ 0.71	$ 0.73

* Non-GAAP measure (see page 16 for definition).

** Capital expenditures exclude strategic capital of $75 million for timberland acquisitions during the six months ended June 30, 2014. For the six months ended June 30, 2013, strategic capital totaled $140 million for the purchase of additional interest in the New Zealand joint venture and $10 million for timberland acquisitions.

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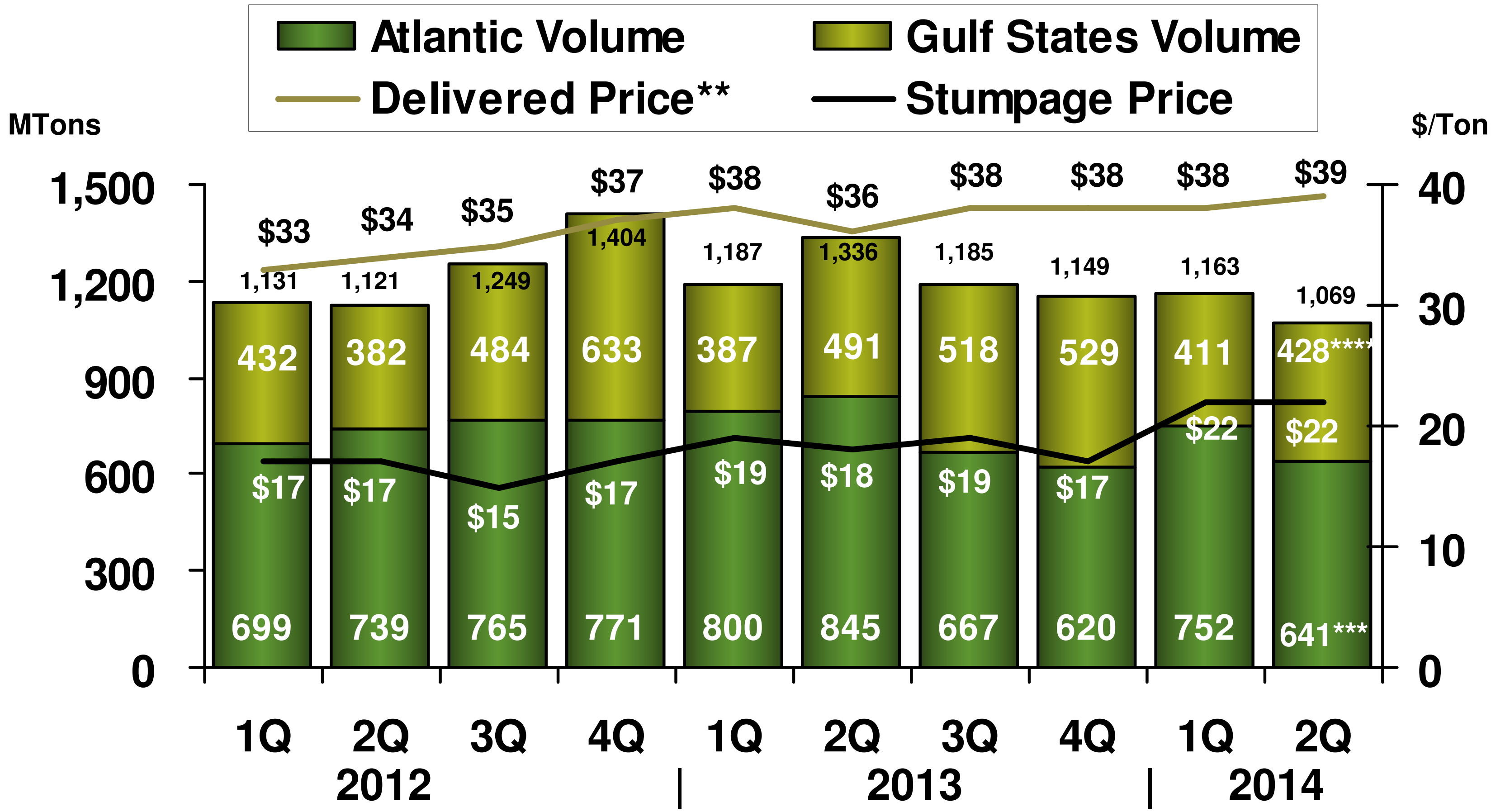
Markets and Operations

U.S. Pine Timber Sales*



* U.S. pine timber sales are pine sales in the Atlantic (Florida and Georgia) and Gulf States (Alabama, Arkansas, Louisiana, Mississippi, Oklahoma and Texas) regions.

** Delivered pricing includes costs to cut and transport the logs. With stumpage sales, the buyer is responsible for cutting and transportation.

*** The Atlantic region sawlog/pulpwood mix for second quarter 2014 was 21 percent to 79 percent.

**** The Gulf region sawlog/pulpwood mix for second quarter 2014 was 53 percent to 47 percent.

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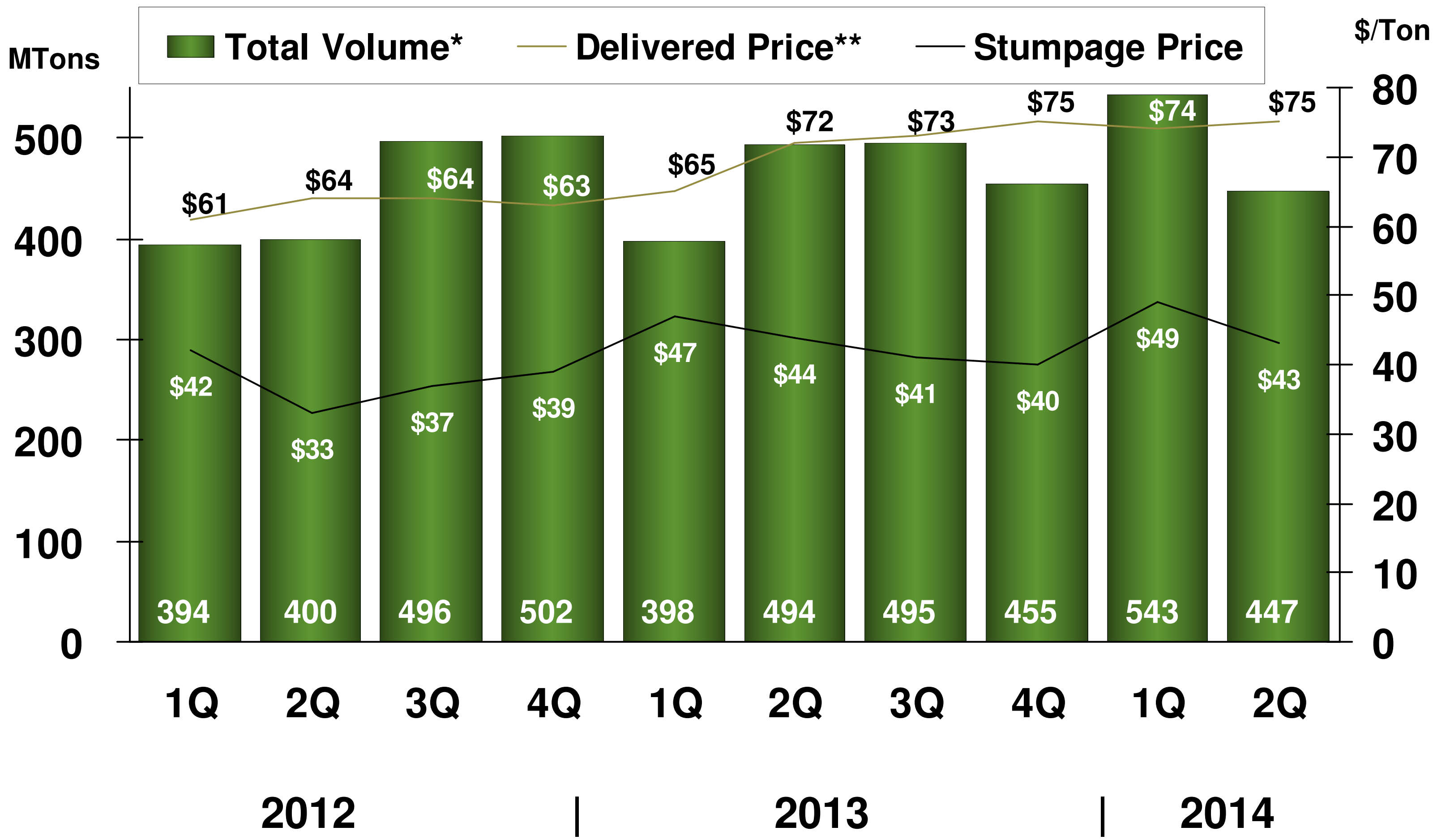
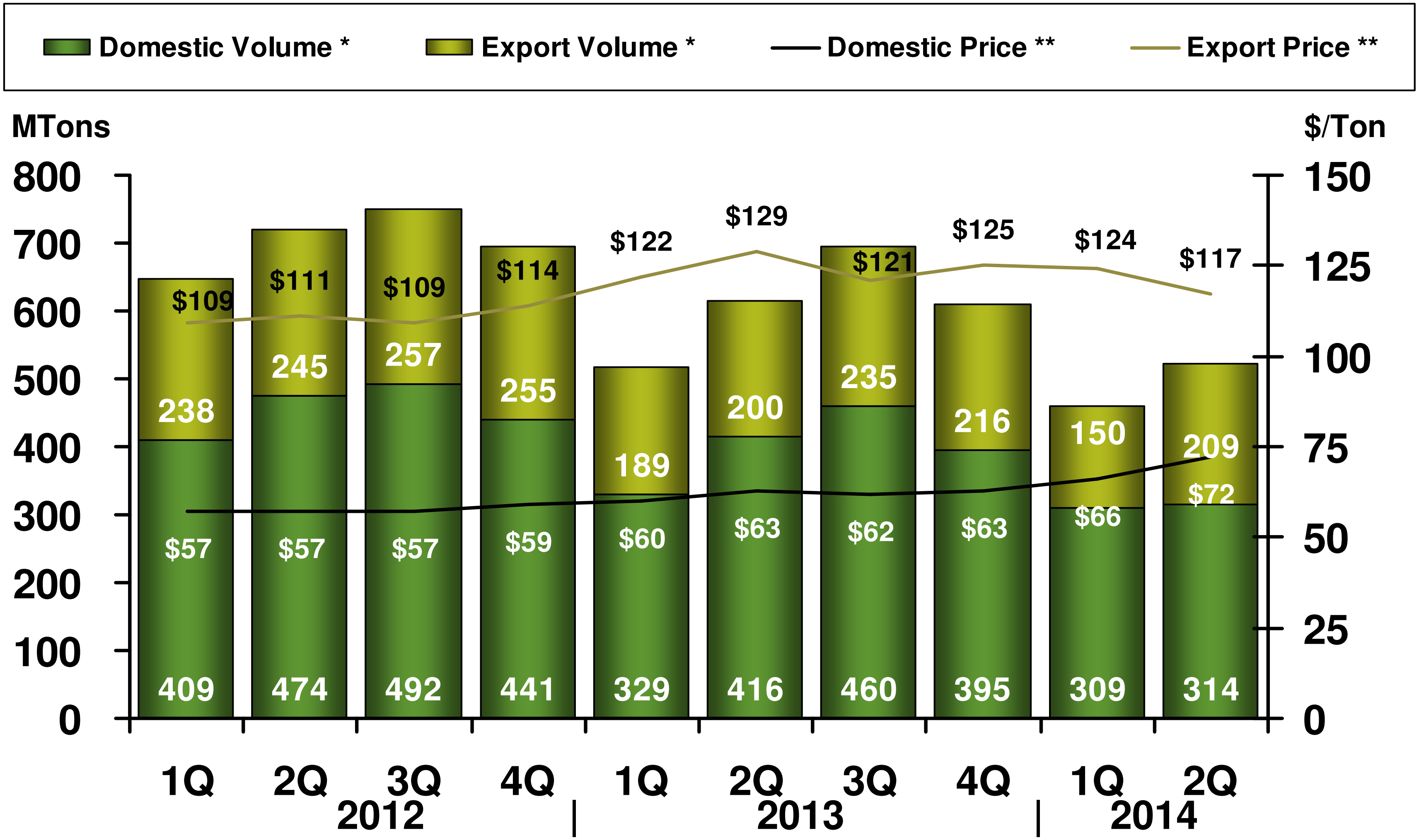
Northern U.S. Timber Sales



* The sawlog/pulpwood mix is approximately 85 percent to 15 percent

**Delivered pricing includes costs to cut and transport the logs. With stumpage sales, the buyer is responsible for cutting and transportation.

New Zealand Log Sales



* The sawlog/pulpwood mix for second quarter 2014 was 77 percent to 23 percent.

** Domestic and export prices are affected by exchange rate fluctuations.

Notes: Beginning in second quarter 2013 New Zealand operating results were fully consolidated into Rayonier Inc.'s financial statements. Pricing includes delivered log pricing only. Volumes include domestic and export delivered log sales. Stumpage sales are included in domestic volumes.

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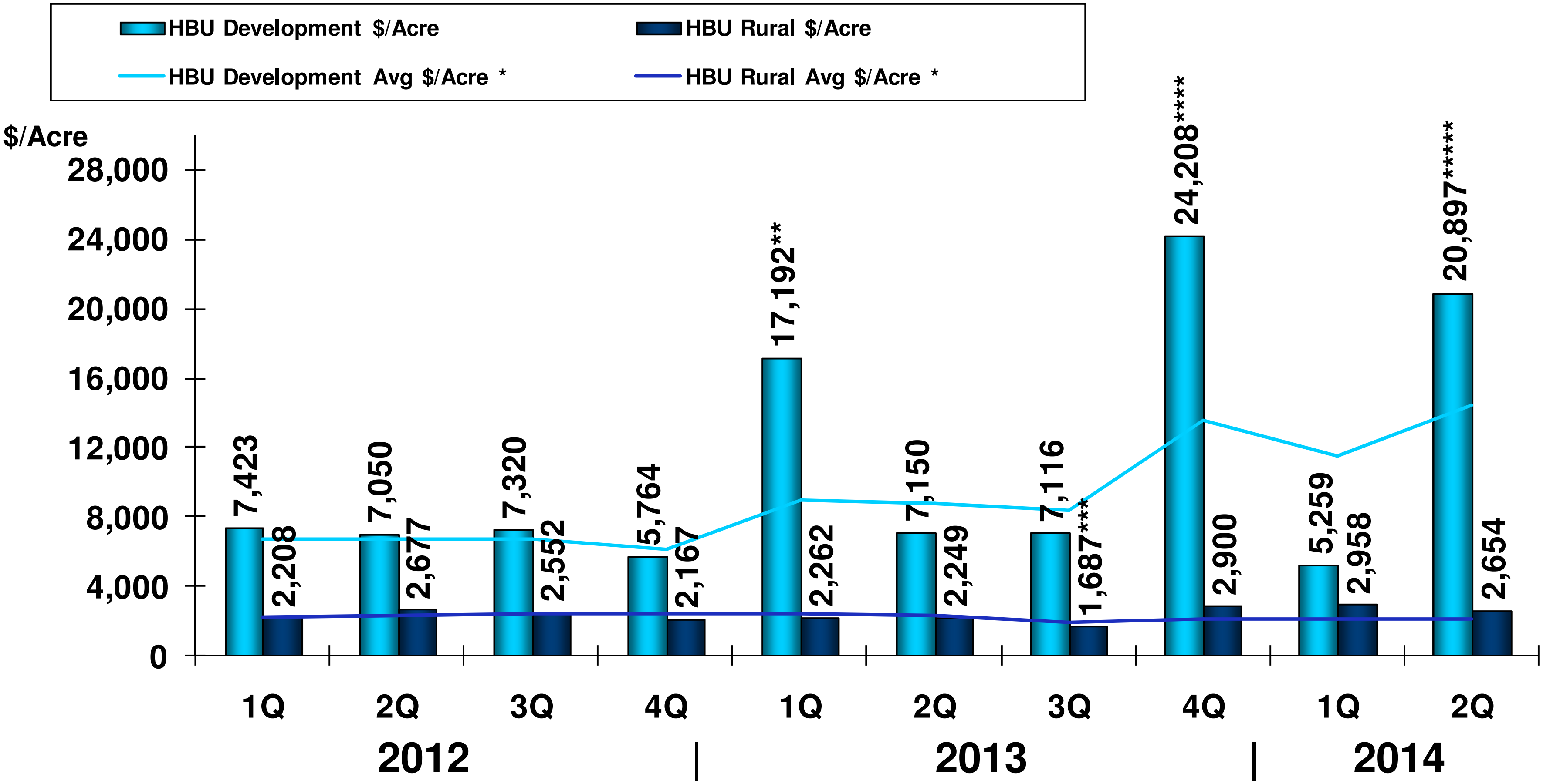
HBU Real Estate Sales Prices



* Four quarter rolling weighted average.

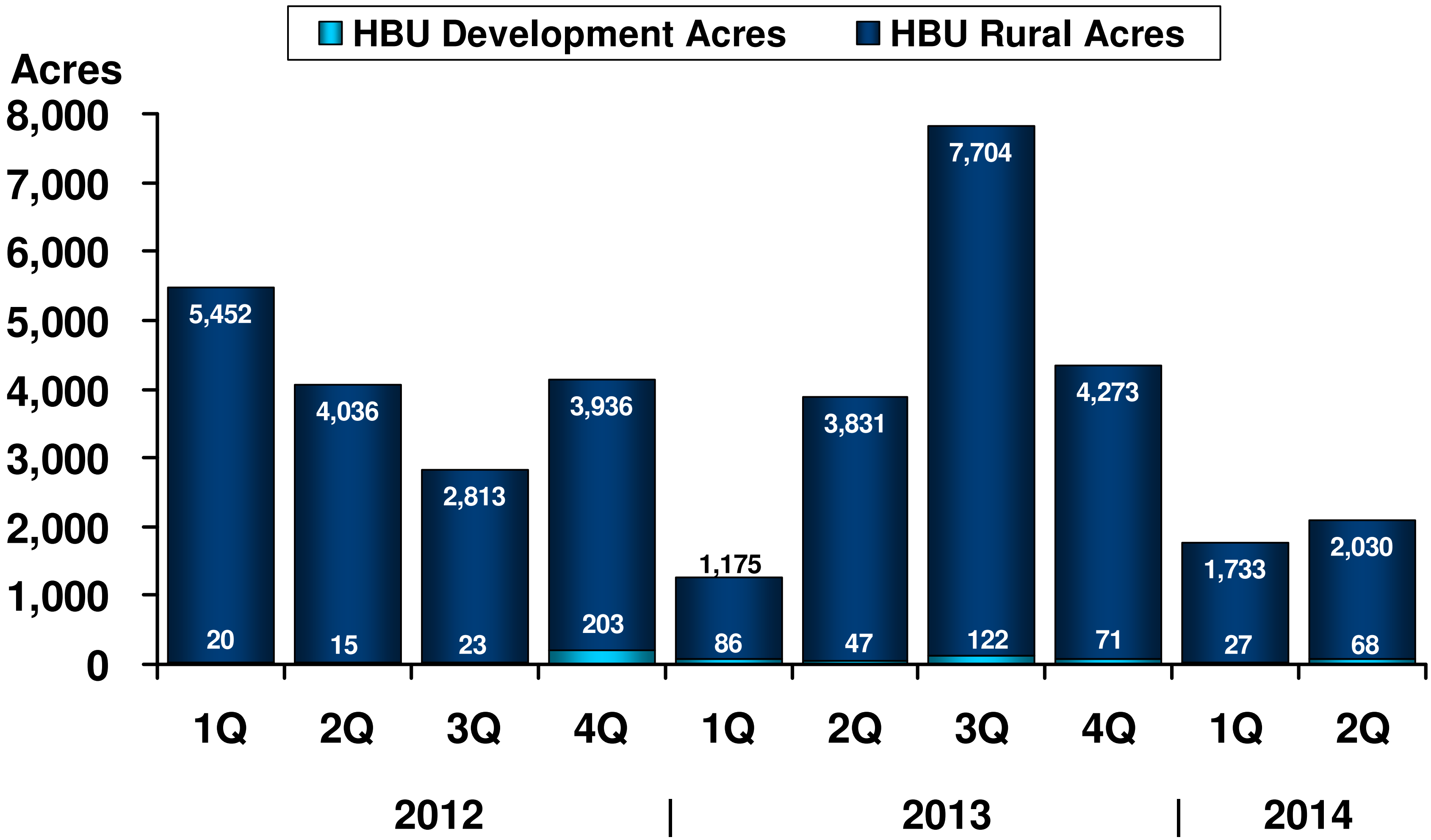
** First quarter 2013 includes a sale of 4 acres for a roadway infrastructure project for $242k per acre.

*** Third quarter 2013 includes a 4,500 acre sale in which Rayonier retained timber harvest rights. Including the value of the timber harvest rights, third quarter 2013 Rural dollars per acre would be approximately $2,060.

**** Fourth quarter 2013 includes a 45 acre sale in the Belfast Commerce Center for $35k per acre.

*****Second quarter 2014 includes a 6 acre sale for a roadway infrastructure project for $174k per acre.

HBU Real Estate - Sales



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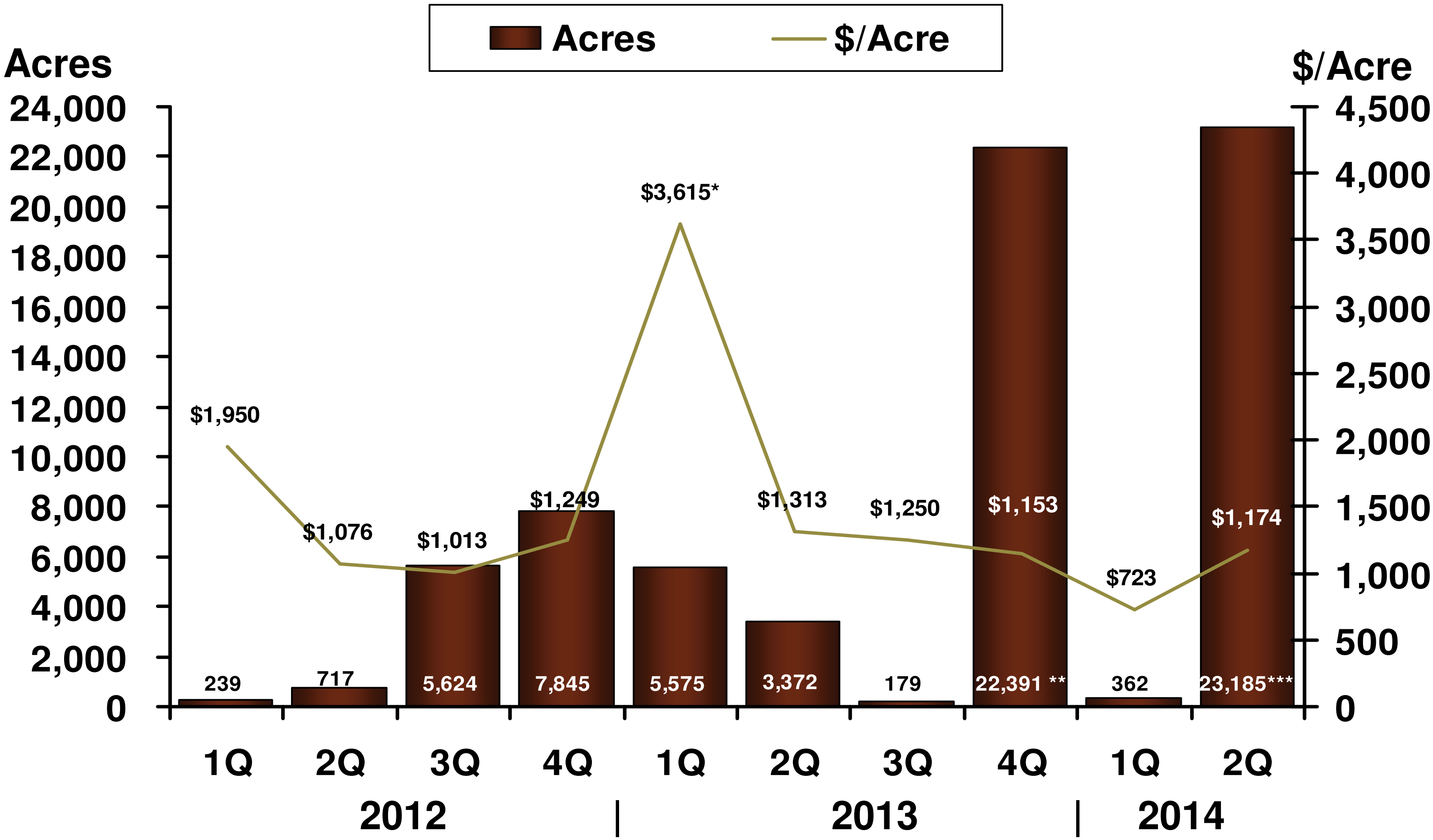
Non-Strategic Timberland – Sales



* Period included a proportionately higher percentage of sales in the Pacific Northwest where the price per acre is traditionally higher than the Southeast.

** Excludes the $57.3M sale of New York timberland holdings (128k acres at $447 per acre).

*** Includes a 19,500 acre sale in Florida at $1,125 per acre.

2014 Financial Guidance
($ Millions)

	2013 Continuing Operations	Segment	2014 Guidance
Sales	660		↑ 2 - 5%**
Segment Operating Income*	81	Forest Resources	↑ ~ 20%**
	56	Real Estate	Comparable
Segment EBITDA*	180	Forest Resources	↑ 10 - 15%
	73	Real Estate	Comparable
CapEx	63		65 - 70
DD&A	116		115 - 120

* Excludes corporate expenses. Post-separation normalized corporate expenses are expected to approximate $20M.

** 2014 guidance percentage ranges exclude the impact of the 2013 sale of New York timberlands (sales $57M, operating income $3M)

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Appendix

Definitions of Non-GAAP Measures

EBITDA is defined as earnings before interest, taxes, depreciation, depletion and amortization. EBITDA is a non-GAAP measure used by our Chief Operating Decision Maker, existing shareholders and potential shareholders to measure how the Company is performing relative to the assets under management.

Pro forma EBITDA is defined as earnings before interest, taxes, depreciation, depletion and amortization, excluding discontinued operations and separation costs related to the Performance Fibers spin-off. Pro forma EBITDA is a non-GAAP measure used by our Chief Operating Decision Maker, existing shareholders and potential shareholders to measure how the Company is performing relative to the assets under management.

Cash Available for Distribution (CAD) is defined as cash provided by operating activities adjusted for capital spending, strategic divestitures, the change in committed cash, and other items which include cash provided by discontinued operations, excess tax benefits on stock-based compensation and the change in capital expenditures purchased on account. CAD is a non-GAAP measure of cash generated during a period that is available for dividend distribution, repurchase of the Company's common shares, debt reduction and strategic acquisitions. CAD is not necessarily indicative of the CAD that may be generated in future periods.

Pro forma Net Income is defined as net income attributable to Rayonier Inc. adjusted for separation costs related to the Performance Fibers spin-off and discontinued operations.

Pro forma Operating Income is defined as operating income adjusted for the gain related to consolidation of New Zealand joint venture.

Pro forma EBITDA by Segment

($ Millions)

	Forest Resources	Real Estate	Other Operations	Corporate and other	Total
Three Months Ended					
June 30, 2014					
Operating income	$ 22	$ 28	$ -	$ (10)	$ 40
Depreciation, depletion & amortization	22	6	-	-	28
Costs related to spin-off of Performance Fibers business	-	-	-	(4)	(4)
Discontinued operations*	-	-	-	41	41
EBITDA	44	34	-	27	105
Costs related to spin-off of Performance Fibers business	-	-	-	4	4
Discontinued operations*	-	-	-	(41)	(41)
Pro forma EBITDA	$ 44	$ 34	$ -	$ (10)	$ 68
March 31, 2014					
Operating income	$ 28	$ 1	$ -	$ (12)	$ 17
Depreciation, depletion & amortization	25	1	-	-	26
Discontinued operations*	-	-	-	69	69
EBITDA	53	2	-	57	112
Discontinued operations*	-	-	-	(69)	(69)
Pro forma EBITDA	$ 53	$ 2	$ -	$ (12)	$ 43
June 30, 2013					
Operating income	$ 21	$ 6	$ 2	$ 3	$ 32
Depreciation, depletion & amortization	28	2	-	-	30
Discontinued operations*	-	-	-	93	93
EBITDA	49	8	2	96	155
Gain on sale of New Zealand	-	-	-	(16)	(16)
Discontinued operations*	-	-	-	(93)	(93)
Pro forma EBITDA	$ 49	$ 8	$ 2	$ (13)	$ 46

* Includes income, interest and depreciation and amortization from discontinued operations

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Pro forma EBITDA by Segment

($ Millions)

	Forest Resources	Real Estate	Other Operations	Corporate and other	Total
Six Months Ended					
June 30, 2014					
Operating income	$ 49	$ 29	$ (1)	$ (21)	$ 56
Costs related to spin-off of Performance Fibers business	-	-	-	(4)	(4)
Depreciation, depletion & amortization	47	7	-	-	54
Discontinued operations*	-	-	-	110	110
EBITDA	96	36	(1)	85	216
Costs related to spin-off of Performance Fibers business	-	-	-	4	4
Discontinued operations*	-	-	-	(110)	(110)
Pro forma EBITDA	$ 96	$ 36	$ (1)	$ (21)	$ 110
June 30, 2013					
Operating income	$ 34	$ 23	$ 2	$ (5)	$ 54
Depreciation, depletion & amortization	44	6	-	-	50
Discontinued operations*	-	-	-	270	270
EBITDA	78	29	2	265	374
Gain on sale of New Zealand	-	-	-	(16)	(16)
Discontinued operations*	-	-	-	(270)	(270)
Pro forma EBITDA	$ 78	$ 29	$ 2	$ (21)	$ 88

*Includes income, interest and depreciation and amortization from discontinued operations

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Reconciliation of Reported to Pro forma Earnings

($ Millions, except per share amounts)

	Three Months Ended					
	June 30, 2014		March 31, 2014		June 30, 2013	
	$	EPS	$	EPS	$	EPS
Operating income	$ 40		$ 16		$ 32	
Gain related to consolidation of New Zealand JV	-		-		(16)	
Pro forma operating income	$ 40		$ 16		$ 16	
Net income attributable to Rayonier Inc.	18	$ 0.14	43	$ 0.34	87	$ 0.67
Gain related to consolidation of New Zealand JV	-	-	-	-	(16)	(0.13)
Costs related to spin-off of Performance Fibers business	4	0.03	-	-	-	-
Discontinued operations, net	(12)	(0.09)	(31)	(0.24)	(48)	(0.37)
Pro forma net income	$ 10	$ 0.08	$ 12	$ 0.10	$ 23	$ 0.17

	Six Months Ended			
	June 30, 2014		June 30, 2013	
	$	EPS	$	EPS
Operating income	$ 56		$ 54	
Gain related to consolidation of New Zealand JV	-		(16)	
Pro forma operating income	$ 56		$ 38	
Net income attributable to Rayonier Inc.	$ 62	$ 0.47	$ 235	$ 1.80
Gain related to consolidation of New Zealand JV	-	-	(16)	(0.13)
Costs related to spin-off of Performance Fibers business	4	0.03	-	-
Discontinued operations, net	(43)	(0.33)	(157)	(1.20)
Pro forma net income	$ 23	$ 0.17	$ 62	$ 0.47

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Forest Resources Supplemental Financial Data
($ Millions)

	Three Months Ended			Six Months Ended	
	June 30, 2014	March 31, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Forest Resources					
Sales					
Atlantic	$ 19	$ 22	$ 19	$ 40	$ 37
Gulf States	13	12	13	25	25
Northern	25	33	30	58	54
New Zealand *	44	38	47	83	50
Total	$ 101	$ 105	$ 109	$ 206	$ 166
Operating income					
Atlantic	$ 6	$ 8	$ 5	$ 14	$ 10
Gulf States	4	3	3	7	5
Northern	10	14	10	24	15
New Zealand / Other *	2	3	3	4	4
Total	$ 22	$ 28	$ 21	$ 49	$ 34

* Results include sales and operating income from the consolidation of the New Zealand joint venture subsequent to the first quarter of 2013

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Selected Operating Information

	Three Months Ended			Six Months Ended	
	June 30, 2014	March 31, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Forest Resources					
Sales Volume, in thousands of short green tons					
Atlantic	698	836	904	1,534	1,772
Gulf States	451	438	514	889	923
Northern	447	543	512	991	967
New Zealand					
Domestic	314	309	401	623	401
Export	209	150	200	359	200
Total	2,119	2,276	2,531	4,396	4,263
Real Estate					
Acres sold					
HBU Development	68	27	47	95	133
HBU Rural	2,030	1,733	3,831	3,763	5,006
Non-Strategic Timberlands	23,185	362	3,372	23,547	8,947
Total	25,283	2,122	7,250	27,405	14,086

Income Tax Analysis
($ Millions)

	Three Months Ended			
	June 30, 2014		June 30, 2013	
Income tax expense at federal statutory rate	$ 7	35.0%	$ 8	35.0%
REIT income not subject to tax	(8)	(37.8)	(20)	(84.4)
Other	-	-	2	5.9
Income tax benefit before discrete items	(1)	(2.8%)	(10)	(43.5%)
CBPC Valuation Allowance	16	79.7	-	-
Gain on NZ remeasurement	-	-	(6)	(23.6)
Other	(1)	(7.8)	-	-
Income tax expense (benefit) as reported	$ 14	69.1%	$ (16)	(67.1%)

	Six Months Ended			
	June 30, 2014		June 30, 2013	
Income tax expense at federal statutory rate	$ 8	35.0%	$ 13	35.0%
REIT income not subject to tax	(15)	(62.8)	(31)	(84.4)
Other	-	-	2	6.3
Income tax benefit before discrete items	(7)	(27.8%)	(16)	(43.1%)
CBPC Valuation Allowance	16	64.1	-	-
Exchange of AFMC for CBPC exchange	-	-	(19)	(51.1)
Gain on NZ remeasurement	-	-	(6)	(15.3)
Other	(3)	(11.8)	(1)	(5.3)
Income tax expense (benefit) as reported	$ 6	24.5%	$ (42)	(114.8%)